

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 01-08	2. STATE Louisiana
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) 4. PROPOSED EFFECTIVE DATE August 6, 2001	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart D	7. FEDERAL BUDGET IMPACT: a. FFY <u>2001</u> <u>\$809.17</u> b. FFY <u>2002</u> <u>\$ 5,417.18</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Item 12.a., Page 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same (TN 00-08)

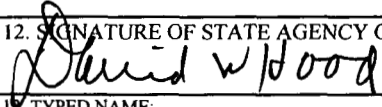
10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to amend the estimated acquisition cost formula from Average Wholesale Price (AWP) minus 15% to AWP minus 13.5% for independent pharmacies and from AWP minus 16.5% to AWP minus 15% for chain pharmacies.**

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material.**

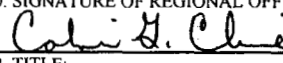
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030
13. TYPED NAME: David W. Hood	
14. TITLE: Secretary	
15. DATE SUBMITTED: August 3, 2001	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 08/07/01	18. DATE APPROVED: 02/22/02
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 08 /06/01	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Calvin G. Cline	22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations

23. REMARKS:



**DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services**

Calvin G. Cline
Associate Regional Administrator, Medicaid and State Operations

1301 Young Street, Room 827
Dallas, Texas 75202
Phone (214) 767-6301
Fax (214) 767-0270

February 22, 2002

Our Reference: SPA-LA-01-08

Mr. Ben Bearden, Director
Bureau of Health Services Financing
Department of Health and Hospitals
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

Dear Mr. Bearden:

We have reviewed the proposed amendment to your Medicaid State Plan submitted under transmittal number (TN) 01-08. The purpose of this amendment is to change the reimbursement for outpatient prescription drug services. Effective August 6, 2001, the estimated acquisition cost formula is the average wholesale price (AWP) minus 13.5% for independent pharmacies or AWP minus 15% for chain pharmacies. A chain pharmacy is defined as more than fifteen enrolled pharmacies under common ownership.

Based upon the original submission and the additional clarifying information that you provided, transmittal number 01-08 is approved effective August 6, 2001. A copy of the HCFA-179, Transmittal Number 01-08 dated August 3, 2001 is enclosed along with the approved plan pages.

If you have any questions, please contact Joe Reeder at 214-767-4419.

Sincerely,

Calvin G. Cline
Associate Regional Administrator
Division of Medicaid and State Operations

Enclosure



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PLAN

ATTACHMENT 4.19-B

Item 12.a. Page 2

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

STATE <u>Louisiana</u>	A
DATE REC'D <u>08-07-01</u>	
DATE APP'D <u>02-22-02</u>	
DATE EFF <u>08-06-01</u>	
HCFA 179 <u>LA-01-08</u>	

OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN, ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial Care and Services
42 CFR 447 Item 12.1. (Continued)
Subpart D

"Multiple Source Drug" means a drug marketed or sold by two or more manufacturers or labelers or a drug marketed or sold by the same manufacturer or labeler under two or more different proprietary names or both under a proprietary name and without such a name.

"Average Wholesale Price" (AWP) means the wholesale price of a drug product as reported to Medicaid of Louisiana by one or more national compendia on a weekly basis.

"Estimated Acquisition Cost" (EAC) means the modified Average Wholesale Price of the drug dispensed and identified by the manufacturer number, product number, and package number usually purchased by a provider from a supplier whose products are generally available to all pharmacies and reported in one or more national compendia. EAC for drug products supplied through repackaging into smaller quantities by chain drugstore central purchasing shall be based on the package size purchased by the central purchasing unit. Supporting documentation (invoices) shall be made available to the agency or its designee upon request. This limitation includes drug products which are repackaged or relabeled by the manufacturer or third party under any type of purchase contract or agreement. Bulk purchase practices which result in price reductions not generally available to all pharmacies shall also be subject to this limitation. If the package size is larger than the largest size listed by Medicaid of Louisiana, then EAC will be based on the largest size listed in the American Druggist Blue Book or other national compendia utilized by the State to update the Medicaid Management Information System (MMIS).

"Modified" means the lower of the following applicable limits:

AWP minus either 13.5% for independent pharmacies (all pharmacies not included in the chain pharmacy designation) or 15% for chain pharmacies (more than fifteen Medicaid enrolled pharmacies under common ownership) for:

Other Drugs not subject to LMAC limits; and

Drugs exempt from LMAC or Federal Upper Limits by physician override;

LMAC limits on multiple source drugs established by Medicaid of Louisiana as set forth below; and

Federal Upper Limits on multiple source drugs established by HCFA as set forth below.

"Maximum Allowable Overhead Cost" means the expense incurred by pharmacy providers in dispensing covered drugs as determined by Medicaid of Louisiana. Section V. of Item 12.a. describes the complete methodology utilized.

B. Federal Upper Limits (FUL) For Multiple Source Drugs

1. Except for drugs subject to "Physician Certification", Medicaid of Louisiana shall utilize listing established by HCFA that identify and set upper limits for multiple source drugs that meet the following requirements:
 - (a) All of the formulations of the drug approved by the Food and Drug Administration (FDA) have been evaluated as therapeutically equivalent in the most current edition of their publication, Approved Drug

TN# 01-08

Approval Date 02-22-02

Effective Date 08-06-01

Supersedes

TN# 00-08